



May 25, 2012

Vanessa Martinez, Assistant Finance Director
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

Dear Ms. Martinez:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Adelanto (City) Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the periods of January to June 2012 and July to December 2012 period. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

In Finance's letter dated May 11, 2012, we questioned the following items:

January through June 2012 ROPS:

- Page 1, Item 8 – Note payable to the City for original formation costs in the amount of \$2.5 million.
- Page 1, items 13 and 14 – 20-percent set-asides totaling \$15.2 million.

After further review of additional documents provided by the Agency, we no longer question line item 6, page 1 – County of San Bernardino (County) Tax Increment Loan in the amount of \$19.6 million.

June through December 2012 ROPS:

- Page 1, Item 8 – Note payable to the City for original formation costs in the amount of \$2.5 million.
- Page 1, items 14 and 15 – 20-percent set-asides totaling \$15.1 million.

After further review of additional documents provided by the Agency; we no longer line item 6, page 1 – County Tax Increment Loan in the amount of \$19.6 million.

Except for items disallowed in whole or in part as enforceable obligation noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination

with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, County of San Bernardino
Ms. Vanessa Doyle, Property Tax Manager, County of San Bernardino
Ms. Linda Santillano, Supervising Accountant, County of San Bernardino
Ms. Franz Zyss, Accountant III, County of San Bernardino